

**ENVIRONMENTAL DEFENSE FUND  
THE NATURE CONSERVANCY  
THE BAY INSTITUTE  
SAVE SAN FRANCISCO BAY ASSOCIATION**

February 16, 1999

To Members of the California Bay Delta Water Coalition:

We write to advise you of our overall support for the President's FY 2000 budget request for \$75 million in Bay-Delta ecosystem restoration funds – a third annual installment under authority of the 1996 California Bay-Delta Ecosystem Enhancement and Water Security Act – and for the new and related request for an additional \$20 million as the federal share of costs for "common program elements that are in accordance with the CALFED Bay-Delta Program" in FY 2000.

As the appropriations process unfolds, we hope to see increased emphasis on the preliminary nature of the specific allocations set forth in the budget justification documents, particularly for funds which will eventually be allocated as part of the CALFED Restoration Coordination process. We are also willing, as we have been for months, to engage with you in developing and recommending to the House and Senate appropriations committees any mutually agreed-upon adjustments to the \$75m/\$20m ecosystem/other apportionment that may be warranted as part of the FY2000 request. Whatever the final amounts, however, it will be important that express authorities be cited for, and significant non-federal/non-state cost sharing be part of, any and all "non-ecosystem" outlays (for obvious reasons, and to comply with CALFED's "beneficiaries pay" cornerstone financing principle).

In addition, we strongly recommend that all non-ecosystem funds be apportioned through a scientifically-driven, stakeholder-based advisory process similar if not identical to that now in place for the allocation and oversight of Bay-Delta ecosystem funds. We would also hope to see more meaningful and affirmative "coordination" in FY 2000 between these funding sources and the fully-funded sum of approximately \$47 million via the CVP Restoration Fund provided under authority of the 1992 Central Valley Project Improvement Act, which request we also support.

With regard to particular "non-ecosystem" items, we appreciate that new or expanded storage remains an important issue for many of you, just as it raises many important concerns for us. In an effort to resolve the resulting impasse, we offer our support for FY 2000 funding for a series of joint-benefit studies and investigations intended to address and resolve the following critical-path issues:

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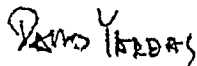
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1. Time value of water versus cumulative effects of increased diversions and depletions;
2. Integrated re-operation of existing hydroelectric, water storage, and/or flood control reservoirs, including systemwide links to water supply reliability, flood risk management, floodplain restoration, and water banking
3. Conjunctive use/groundwater storage opportunities and constraints
4. Anticipated 30-year costs of operating, maintaining, and rehabilitating existing surface storage and diversion facilities; and
5. Priority opportunities for dam removal, replacement, and/or retrofitting.

Finally, we believe that we share a common interest in pursuing a "clean" extension of funding authority under the Bay-Delta Act. If, for example, the President's request is fulfilled and no other action is taken, more than \$200 million in federal non-reimbursable restoration funding authority will have to be made up in some alternative manner as part of CALFED's Stage 1 program. However, because this situation is more properly handled through the relevant authorizing committees, we do not believe it is wise or appropriate to link it directly to the current budget request.

We look forward to the expeditious resolution of these issues, and to joining with you in a third year of collaborative efforts in support of Bay-Delta ecosystem and now related CALFED funding – efforts which, in prior years, have been remarkably successful, and which of course are already solving a host of problems for all Bay-Delta stakeholders.

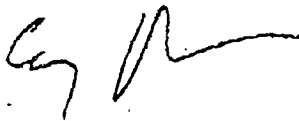
Sincerely yours,



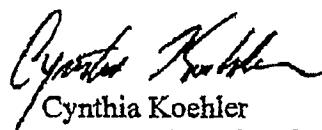
David Yardas  
Environmental Defense Fund



Leslie Friedman-Johnson  
The Nature Conservancy



Gary Bobker  
The Bay Institute



Cynthia Koehler  
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cc: Rich Atwater  
Kathy Caldwell  
Bill Klostermeyer  
Dave Weiman